



COUNTY OF DURHAM
DEPARTMENT OF SOCIAL SERVICES



DSS Board

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DSS Director

Mrs. Jovetta Whitfield, Interim

July 9, 2009

City of Durham
Department of Community Development
Attn: Larry M. Jarvis, Assistant Director
101 City Hall Plaza
Durham, NC 27701

Dear Mr. Jarvis,

Enclosed are an original and three copies of our joint County Partners HPRP application. Developed in partnership with Housing for New Hope, Urban Ministries of Durham and the Salvation Army, we are proposing to build on existing structures and partnerships to improve our system of care to more effectively prevent homelessness and support rapid re-housing for those who are homeless. We believe the approach we are proposing is groundbreaking and will enable us to help the community meet two of our major outcome goals for the 10 Year Plan to End Homelessness.

Thank you for the opportunity to apply for this important funding. If you have any questions about our application, please call me at 919-560-8059.

Sincerely,

Sharon Hirsch
Assistant Director for
Communication, Development & Customer Information

Cc: Terry Allebaugh, Housing for New Hope
Patrice Nelson, Urban Ministries of Durham
Carlene Byron, Salvation Army
Drew Cummings, Assistant County Manager

www.durhamcountync.gov/departments/dssv/

P. O. Box 810, 220 E. Main Street, Durham, NC 27707 (919) 560-8000 FAX (919)560-8101
Equal Employment/Affirmative Action Employer



APPLICATION FOR FUNDING HOMELESSNESS PREVENTION & RAPID RE-HOUSING PROGRAM

Cover Page

(All applicants must complete this section. Please TYPE information.)

I. APPLICANT INFORMATION

Applicant Organization's Legal Name: Durham County Department of Social Services

Primary Contact Person: Sharon Hirsch Title: Assistant Director, Communication, Development & Customer Information

Applicant Organization's Physical Address: 200 E. Main St., Durham, NC 27702-0810

Applicant Organization's Mailing Address: P.O. Box 810, Durham, NC 27702-0810

Telephone Number: 919-560-8059 Fax Number: 919-560-8100

E-Mail Address: shirsch@durhamcountync.gov Tax Identification #: 566000297

DUNS Number 088564075
(Dun & Bradstreet, Inc. provides this number at no charge and is required for federal funding recipients.)

Preparer Name: Sharon Hirsch Signature: *Sharon Hirsch*

Title: Assistant Director, Communication, Development & Customer Information Date: 7/9/09

II. REQUESTED HPRP FUNDS BY ELIGIBLE CATEGORY

Category	Amount
Financial Assistance	\$ 382,189
Housing Relocation and Stabilization Services	\$ 328,002
Data Collection and Evaluation	\$ 39,455
Administrative Costs	\$ 39,455
Total funding request	\$ 789,101

Percentage HPRP investment (Total Amount Requested/ Project Cost): 100%

III. SERVICES PROPOSED

Check the type of activities that best describes your project:

X	Short-Term Rental Assistance	X	Medium-Term Rental Assistance
X	Security and Utility Deposits	X	Utility Payments
X	Case Management	X	Housing Search and Placement
X	Outreach and Engagement		Moving Cost
	Motel/Hotel Vouchers		Credit Repair
X	Data Collection and Evaluation		Legal Services
X	Administrative Costs		Other:

IV. PAST CITY SUPPORT

Please list all funding awarded by the City in the past five years. Include awards made by Departments other than Community Development (formerly Department of Housing and Community Development). If in one year your agency received assistance from more than one City Department, please list all sources and associated amounts:

Year Awarded	City Department & Program	Award Amount	Project/Program Name
2008-2009	Results Based Accountability Funds. Adult Services used funds to produce a Senior Resource Book	\$12,000.00	Durham Senior Resource Guide
FY06-07	WIA program assisted clients with finding employment, wage increases, employment advancement, job retention and supportive services	\$65,710	Workforce Investment Act (WIA)
FY05-06	WIA program assisted clients with finding employment, wage increases, employment advancement, job retention and supportive services	\$300,000	Workforce Investment Act (WIA)
FY04-05	WIA program assisted clients with finding employment, wage increases, employment advancement, job retention and supportive services	\$447,649	Workforce Investment Act (WIA)

V. AGENCY INFORMATION

1. What is your agency's mission statement?

The mission of the Durham County Department of Social Services is to partner with families and the community in achieving well-being through prosperity, permanence, safety and support.

2. How long has the Agency existed in its current form? **Durham County DSS was created 91 years ago in 1918.**
3. How long has the Agency had its 501 (c) (3) status? If your organization is a for-profit entity, how long has the entity been registered to conduct business in North Carolina? **N/A**
4. How many years has the Agency conducted the project/program for which it is requesting funding? **Durham County DSS has been operational since 1918 and has been managing emergency assistance for rent and utility assistance for more than 30 years. In addition, Housing for New Hope has been a pilot agency for Housing Support Teams. Urban Ministries of Durham has over 25 years of experience serving those who are homeless. All of our agencies have been actively engaged in the 10 Year Plan to End Homelessness and have been leaders in the development of the Adult System of Care, which has emphasized support for homeless adults.**

5. List all other programs managed by the Agency. **The Department provides economic services programs including Work First, Medicaid, Child Support, Child Day Care Subsidy and Food Stamps as well as social work services, including Child Protective Services, Foster Care, Adoption, Adult Protective Services, Group Care and Crisis Assistance.**
6. Has your agency received an independent audit conducted by a Certified Public Accountant?
X Yes ☐ No
7. If so, what is the name of your auditor? **Cherry, Bekaert, & Holland**
8. What was the time period (fiscal year) being reviewed? FY2008

***Durham County Department of Social Services follows the State guidelines in the Fiscal Manual and crosscutting requirements found on the NC Department of Health and Human Services' website for Departments of Social Services which can be found at <http://info.dhhs.state.nc.us/olm/manuals/ood/fsc/man>.

****You may attach answers to these questions on a separate piece of paper if they don't fit here. Insert that page after this one.***

1. Project Description: Provide a brief description of how funds will be spent. Project Descriptions should identify how the proposed activities will address the following questions:

- a) **Project Goals:** What are the goals of the program and how will funds be used to assist households in maintaining stability? Identify how the Homelessness Prevention and Rapid Re-Housing funds will be allocated. Where applicable, indicate how these funds will be used to leverage additional resources and whether these resources are committed or pending. (A comprehensive and detailed three-year project budget **MUST** be submitted).
- b) **Encouraging Partnership:** How will the proposed activity encourage new partnerships or use existing partnership to complete the activity?
- c) **Organization's Experience:** Does the organization have experience working with projects similar to the one proposed? If the organization has received federal entitlement funds in the past, has it demonstrated an ability to meet all program requirements?
- d) **Resources:** Does the organization have the staff and resource levels capable of successfully operating the proposed program? Will new staff be required to administer the project?
- e) **Sustainability:** If applicable, describe how the proposed program can or will be sustained beyond the duration of this 3-year grant? In particular, describe how your program or activity fits within a service delivery structure supported by partnerships and community groups, including faith-based organizations.

Bringing together the major providers of prevention services, transitional and emergency housing services, and social and mental health agencies, we are proposing to build on existing structures and partnerships to improve our System of Care to more effectively prevent homelessness and support rapid-re-housing for those who are homeless. Our plan particularly focuses on helping our community reach our 10 Year Plan to End Homelessness outcomes:

- Those who become homeless will move quickly into permanent housing
- Individuals and families who are most at-risk of homelessness maintain permanent housing through comprehensive prevention activities.

It will also move our community closer to having a system-wide data collection and evaluation process because we plan to utilize the Carolina Homeless Information Network (CHIN) to collect data and report our results.

There are three primary components of our plan (See comprehensive budget on Page 5):

- Rapid Re-Housing with Case Management (\$328,002)
- Homelessness Prevention with Case Management (\$382,189)
- Data collection (\$39,455) and administration (\$39,455)

The lead agency for administering this plan will be the Durham County Department of Social Services (DSS). DSS has financial reporting and eligibility determination systems and expertise in place that will be able to support this project over the two year period. The HPRP Group partners will use the Carolina Homeless Information Network (CHIN) as a single portal of entry for tracking clients and assisting in case management. The funding set aside for data management, outreach and administration will largely be dedicated to administration and user license fees and data migration for participating agencies in CHIN.

Two caseworkers will be hired: One case manager will take the lead on managing up to 80 rapid re-housing client households over two years and one to provide case management for up to 150 homelessness prevention households over two years. The Prevention case manager will be a DSS

employee housed at Urban Ministries of Durham (UMD). DSS will subcontract with Housing for New Hope for the Rapid Re-housing case manager, who will also be housed at UMD.

- The Rapid Re-housing case manager will work with homeless clients around the city, with a targeted focus and onsite presence at Urban Ministries of Durham. The goal will be to assist 80 individuals/families in moving back into permanent housing. The Rapid Re-Housing Case Manager will join with Housing for New Hope's Housing Support Team and utilize the Care Review process. Care Review is a multi-disciplinary, collaborative process between professionals, the individual and members of their support team to increase access to needed services and supports and create a coordinated plan of care. This Team has existing relationships with more than 25 Durham landlords and has a track record of negotiating lower rents and providing supportive services to help individuals transition to permanent housing. We will target 75% of the Rapid Re-housing assistance to participants from the shelter at UMD and will also take referrals from other agencies and from among people living on the streets.
- The Homelessness Prevention case manager will be located at Urban Ministries and will work with existing staff at DSS, Salvation Army, Urban Ministries of Durham and Presbyterian Urban Ministries (an arm of Housing for New Hope) and other emergency assistance providers to leverage existing emergency assistance funding with HPRP funds. Case management will be provided for individuals, including development of plans for preventing need for additional rent and utility assistance, coordinating access to other programs and services, leading Care Reviews for families and individuals identified for this program and coordinating with faith communities to provide additional support.

Eligibility determination for both homelessness prevention and rapid re-housing will be developed by the oversight committee in consultation with the State HPRP plan which will be based on HUD Risk Factors. Every effort will be made to make eligibility as seamless as possible with the State HPRP plan.

Both case managers will also be charged with training two important groups about how their services operate and how to make an appropriate referral to them:

- Line staff at the existing shelter and homeless prevention (emergency assistance) provider agencies.
- Congregational staff/volunteers that provide emergency assistance and counseling to individuals and families in need.

This proposal builds on the partnerships in place among the Council to End Homelessness in Durham (CEHD), the 10 Year Plan to End Homelessness and government, non-profit and faith based organizations. While the lead agency will be Durham County DSS, both Housing for New Hope and Urban Ministries of Durham are critical partners. Project staff will also be responsible for providing training to other homelessness prevention and crisis services providers to improve the System of Care and assure strong referrals to HPRP programming as well as other services within our community. The partners will work together to assure that existing federal, state and local funds for utilities, rent and other crisis assistance are leveraged before using HPRP funds. Partners will also work to help clients access other needed services including Food and Nutrition, Medicaid and health, mental health and substance abuse treatment services.

The Department of Social Services, Urban Ministries of Durham and Housing for New Hope have been at the table, leading the way in the development and implementation of the 10 Year Plan to End Homelessness and creating an Adult System of Care. Durham County DSS administers more than \$390 million annually in federal, state and local funds, including Medicaid and Food and Nutrition Services, two large federal entitlement programs. In addition, DSS administers the Crisis Intervention Program (CIP), Low Income Energy Assistance Program (LIEAP), Temporary Assistance for Needy Families Emergency Assistance (TANF-EA) Funds as well as additional county funded emergency assistance. During FY2009, DSS has determined eligibility for and paid more than \$1.7 million in vendor payments for utility and rent assistance as part of these programs. Programs are audited annually under the Single Audit and there have been no program and fiscal findings in these areas.

Social Services currently has more than 17 staff working in the Adult Access and Family Crisis Units determining eligibility for crisis assistance programs and making referrals for other programs with strong supervision and management. Housing for New Hope has demonstrated capacity with its Housing Support Team, which utilizes the Care Review process. This Team has existing relationships with more than 25 Durham landlords and has a track record of negotiating lower rents and providing supportive services to help individuals transition to permanent housing. Two case managers will be hired to complement the teams at DSS and Housing for New Hope with a focus on homelessness prevention case management and rapid re-housing. This funding will allow us to provide case management for recipients of prevention funds, setting goals and holding clients accountable for them. The individual plans will aim to assure that once the initial prevention funds for rent or utility assistance are exhausted that the individuals are self-sufficient or have other means, such as SSI, to help with their expenses.

An oversight committee for the project will be established with representatives from each agency involved and will operate as a subcommittee of the Council to End Homelessness in Durham (CEHD). This committee will meet monthly to review progress in meeting goals, identify and resolve systemic barriers to success for clients and to assess mechanisms for improving coordination and community education. This group will work particularly with congregations in Durham to encourage their participation and support for families and individuals served by HPRP. This congregational support may include additional financial assistance, furniture/household supplies (dishes, sheets, towels, etc.) for those transitioning into permanent housing, Friendly Visitors and access to counselors on their staff. The oversight committee will also be responsible for developing a long-term sustainability plan for continuing this work after the HPRP funds are no longer available.

County Partners Budget Proposal
Rapid Re-housing and Homelessness Prevention (HPRP)

<u>Rapid Rehousing</u>	<u>Description</u>	<u>Year One</u>	<u>Year Two</u>	<u>TOTAL</u>
Case Management Salary	<i>3% increase in year two</i>	\$ 38,000	\$ 39,140	\$ 77,140
Employee Benefits	<i>health, disability, life and pension at \$650/month</i>	\$ 7,800	\$ 8,034	\$ 15,834
Payroll Taxes	<i>estimated FICA, W/C, Unemploy at 13%</i>	\$ 4,940	\$ 5,088	\$ 10,028
Financial Assistance	Security and utility deposits, medium term rental assistance, utility payments, moving costs housing search and placement	\$ 100,000	\$125,000	\$ 225,000
Total Rapid Re-housing		\$ 150,740	\$177,262	\$ 328,002

<u>Homelessness Prevention</u>				
Case Management Salary (SW II)	3.25% increase in year two	\$ 39,754	\$ 41,047	\$ 80,801
FICA	7.65%	\$ 3,041	\$ 3,140	\$ 6,181
Retirement	4.88%	\$ 1,940	\$ 2,003	\$ 3,943
Supplemental Retirement	5%	\$ 1,988	\$ 2,052	\$ 4,040
Flex Benefits	County provided health, dental benefits	\$ 6,062	\$ 6,062	\$ 12,124
Financial Assistance	Utility payments and deposits, short term rental assistance	\$ 127,189	\$147,911	\$ 275,100
Total Homelessness Prevention		\$ 179,974	\$202,215	\$ 382,189

Data Collection and Evaluation				
CHIN User License Fees (20 users)	\$325 (Vendor Costs) + \$275 (Certification Training) + \$200 (Annual Network Support, Standard Reports, and Technical Assistance) or \$800 per end user in year 1 and \$200/year in year 2	\$ 16,000	\$ 4,000	\$ 20,000
Data Importing	data from CADB to CHIN	\$ 14,000	\$ 5,455	\$ 19,455
Total Data Collection/Evaluation		\$ 30,000	\$ 9,455	\$ 39,455

Administrative Costs				
Communications (HNH)	estimated \$204/mth	\$ 2,450	\$ 2,450	\$ 4,900
Travel (HNH)	estimated \$75/\$80 per week	\$ 3,900	\$ 4,160	\$ 8,060
Storage Unit (HNH)	estimated \$120/mth - client donations/furnishings	\$ 1,440	\$ 1,440	\$ 2,880
Supplies (HNH)	office/postage/printing	\$ 500	\$ 500	\$ 1,000
Staff Training & Development (HNH)	meetings/seminars	\$ 750	\$ 750	\$ 1,500
Support (Admin/Audit/Insurance, etc.) (HNH)	12% of salary, benefits and other administrative costs	\$ 7,174	\$ 7,387	\$ 14,561
Subtotal HNH Administrative Costs		\$ 16,214	\$ 16,687	\$ 32,901

Telephone (DSS)	cell phone/charges	\$ 450	\$ 450	\$ 900
Laptop (DSS)		\$ 2,059	\$ -	\$ 2,059
Staff Training and Development (DSS)		\$ 750	\$ 750	\$ 1,500
Travel (DSS)		\$ 1,000	\$ 1,095	\$ 2,095
Financial Management/Supervision/ Administration	in-kind (cost allocated at DSS)	\$ -	\$ -	\$ -

Subtotal DSS Administrative Costs		\$ 4,259	\$ 2,295	\$ 6,554
Total Administrative Costs		\$ 20,473	\$ 18,982	\$ 39,455
TOTAL HPRP Budget		\$ 381,187	\$407,915	\$ 789,101

2. Measuring Accomplishments: Discuss how the impacts of these funds will be measured including *what benchmarks will be used to evaluate the program*, and a timeline to achieve these goals.

With this project, we aim to measure indicators that help us measure success in achieving two of the major outcome goals for Durham's 10 Year Plan to End Homelessness:

- Those who become homeless will move quickly into permanent housing
- Individuals and families who are most at-risk of homelessness maintain permanent housing through comprehensive prevention activities.

Our goal for moving individuals quickly into permanent housing is for 80 households to be housed by the end of FY2011. We aim to house 30 people by June 30, 2010 and another 50 by June 30, 2011. In addition to measuring the number of permanent households established, we will track whether these households remain in permanent shelter six months and one year later. The amount of funding distributed to support permanent housing will also be reported.

Our goal for preventing homelessness is to serve 150 households by the end of FY2011. We aim to serve 75 households in each year of the two years because we think the demand will be great from the start of the project. We will track the number of households served that remain in permanent housing after receiving prevention services and funding. We will also track the amount of funding distributed for rent and utility assistance per household.

In addition, we will report on the number of agencies and staff trained about the HPRP process and how to make a strong referral to HPRP and other homelessness prevention programs throughout Durham.

An Annual Report will be presented to the City at the close of each fiscal year, no later than August 15. In addition, the oversight committee will review progress on a monthly basis to monitor results and make adjustments as needed.

3. Performance: Reporting, Monitoring, Record-Keeping

HPRP requires HMIS reporting of client-level data, such as the number of persons served and their demographic information. Additionally, the City of Durham will require organizations to provide data and information for the submission of quarterly and annual reports pertaining to expenditure of HPRP-funded activities.

- a) Describe and discuss your organization's experience with utilizing the HMIS and/or other reporting systems.
- b) Describe and discuss any experiences you have in reporting, monitoring, or record-keeping compliance requirement in other situations with other funders.
- c) If a non-profit applicant, provide three (3) references on letterhead (agency name, point –of–contact) which speak to your agency's track record in undertaking similar activities, including your organization's reporting, monitoring and recording-keeping for projects of similar scope and size.

Durham County DSS has developed a Community Assistance Data Base (CADB) that meets HMIS requirements and plans to migrate to CHIN for some services during this project. Housing for New Hope currently uses CHIN and Urban Ministries of Durham is in the process of migrating to CHIN as well. DSS also uses the City/County RBA process to identify outcome goals and indicators, including publishing a quarterly report on our results. In addition, DSS is responsible for reporting, monitoring, and recordkeeping for all federally funded programs and has extensive experience in these practices with an excellent track record of meeting audit standards. The County uses the state-approved single audit process.

Data management funds for this project will support 20 staff at DSS and partner agencies' user license fees as well as \$19,455 set aside to import data from CADB to CHIN to support this project. *If Durham is successful in obtaining State HPRP funds later this year, we will re-assess the need to invest these funds in CHIN user licenses and may re-allocate these funds for other grant-approved purposes in consultation with the City.*

4. Coordination and Collaboration

The Department of Social Services, Housing for New Hope, Urban Ministries of Durham and Salvation Army are all members of the Continuum of Care. While each agency is an active participant in monthly Continuum of Care meetings, staff members at each agency are actively involved on a daily basis in partnering and communicating to serve the individual needs of clients.

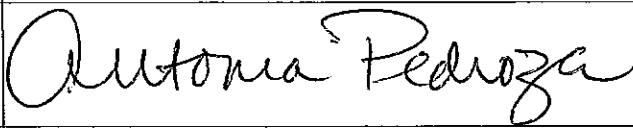
The HPRP case managers will be responsible for training other service providers and congregational staff/volunteers to coordinate services and make good referrals so that access to services is easier.

An oversight committee for the project will be established with representatives from each agency involved and will operate as a subcommittee of the Council to End Homelessness in Durham (CEHD). This committee will meet monthly to review progress in meeting goals, identify and resolve systemic barriers to success for clients and to assess mechanisms for improving coordination and community education. This group will work particularly with congregations in Durham to encourage their participation and support for families and individuals served by HPRP. This congregational support may include financial assistance, furniture/household supplies (dishes, sheets, towels, etc.) for those transitioning into permanent housing, Friendly Visitors and access to counselors on their staff. The oversight committee will also be responsible for developing a long-term sustainability plan for continuing this work after the HPRP funds are no longer available.

Certification

I certify that:

- 1) To the best of my knowledge and belief, the information in this application is true and correct.
- 2) The undersigned is an authorized certifying official of the organization here represented and is authorized to submit this application on their behalf.
- 3) The organization responsible for carrying out the project activities under this proposal will comply with all applicable local and Federal laws and regulations.
- 4) The organization will provide in a timely manner for citizen participation, public hearings, and access to information with respect to the proposed project/program.

Organization Name:	Durham County Department of Social Services
Project Name:	Homelessness Prevention and Rapid Re-housing Program (HPRP)
Address to conduct project activities:	P.O. Box 810 Durham, NC 27702-0810
Homelessness Prevention and Rapid Re-Housing Program (HPRP) American Recovery and Reinvestment Act (ARRA)	
Certifying Official:	Antonia Pedroza
Title:	Assistant Director, Program Support and Accountability
Signature:	
Date:	July 9, 2009



DURHAM COUNTY, NORTH CAROLINA

**Schedule of Expenditures of Federal and
State Awards for the Year Ended June 30, 2007
Report on Compliance and on Internal Control**

DURHAM COUNTY, NORTH CAROLINA
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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**

Board of County Commissioners
Durham County, North Carolina

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Durham County, North Carolina (the "County") as of and for the year ended June 30, 2007, and have issued our report thereon dated October 24, 2007. We did not audit the financial statements of the Durham County ABC Board. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Durham County ABC Board is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Durham County ABC Board were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first preceding paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 07-03 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we do not believe that the significant deficiency described above is a material weakness.

Compliance and Other Matters

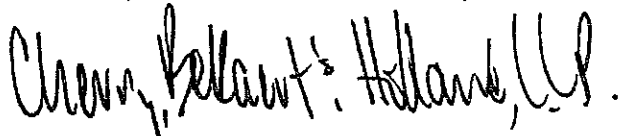
As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The County's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the County's response and accordingly, we express no opinion on it.

We also noted certain matters that we reported to management of the County in a separate letter dated October 24, 2007.

This report is intended solely for the information and use of the governing Board, management, others within the organization, federal and State awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specific parties.

CHERRY, BEKAERT & HOLLAND, L.L.P.

A handwritten signature in black ink, appearing to read "Cherry, Bekaert & Holland, LLP.", written over the printed name of the firm.

Raleigh, North Carolina
October 24, 2007



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133 AND THE
STATE SINGLE AUDIT IMPLEMENTATION ACT**

Board of County Commissioners
Durham, North Carolina

Compliance

We have audited the compliance of Durham County, North Carolina (the "County"), with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major federal programs for the year ended June 30, 2007. The County's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined below. However, as we discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of a compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 07-01 and 07-02 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control. We did not consider any of the above deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

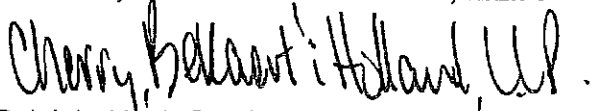
The County's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and, accordingly, we express no opinion on them.

Schedule of Expenditures of Federal and State Awards

We have audited the basic financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the County as of and for the year ended June 30, 2007, and have issued our report thereon dated October 24, 2007. We did not audit the financial statements of the Durham County ABC Board. Those financial statements were audited by other auditors whose reports thereon have been furnished to us and our opinion, insofar as it relates to the amounts for the Durham County ABC Board, is based solely on the reports of the other auditors. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements taken as a whole. The accompanying schedule of expenditures of federal and State awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, audits of States, Local Governments, and non-profit organizations and the State Single Audit Implementation Act and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the governing Board, management, others within the organization, federal and State awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specific parties.

CHERRY, BEKAERT & HOLLAND, L.L.P.



Raleigh, North Carolina
October 24, 2007



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR STATE PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH APPLICABLE SECTIONS OF OMB
CIRCULAR A-133 AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT**

Board of County Commissioners
Durham County, North Carolina

Compliance

We have audited the compliance of Durham County, North Carolina (the "County"), with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major State programs for the year ended June 30, 2007. The County's major State programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major State programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; applicable sections of OMB Circular A-133, as described in the *Audit Manual for Governmental Auditors in North Carolina*; and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major State programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major State program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not

express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined below. However, as we discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a State program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to administer a State program such that there is more than a remote likelihood that noncompliance with a type of a compliance requirement of a State program that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 07-01 and 07-02 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a State program will not be prevented or detected by the County's internal control. We did not consider any of the above deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

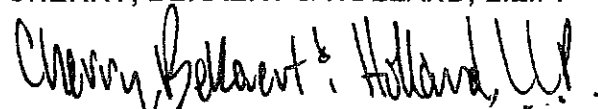
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Schedule of Expenditures of Federal and State Awards

We have audited the basic financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the County as of and for the year ended June 30, 2007, and have issued our report thereon dated October 24, 2007. We did not audit the financial statements of the Durham County ABC Board. Those financial statements were audited by other auditors whose reports thereon have been furnished to us and our opinion, insofar as it relates to the amounts for the Durham County ABC Board, is based solely on the reports of the other auditors. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal and State awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, audits of States, Local Governments and non-profit organizations and the State Single Audit Implementation Act and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the governing Board, management, others within the organization, federal and State awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than specific parties.

CHERRY, BEKAERT & HOLLAND, L.L.P.



Raleigh, North Carolina
October 24, 2007

DURHAM COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended JUNE 30, 2007

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness (es) identified? ☐ yes ☒ no
- Significant deficiency (ies) identified that are not considered to be material weakness(es)? ☒ yes ☐ none reported

Noncompliance material to Financial Statements noted? ☐ yes ☒ no

Federal Awards

Internal control over major federal programs:

- Material weakness (es) identified? ☐ yes ☒ no
- Significant deficiency (ies) identified that are not considered to be material weakness(es)? ☒ yes ☐ no

Noncompliance material to federal awards? ☐ yes ☒ no

Type of auditor's report issued on compliance for major federal programs: *Unqualified*

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? ☐ yes ☒ no

Identification of major federal programs:

CFDA#

93.658CL

93.658

93.645

93.659

93.575CL

93.575

93.596

93.667

93.558

93.778

93.767

Program/Cluster Name

Title IV-E Foster Care Cluster

Foster Care – Title IV-E

CWS Adoption Subsidy

Adoption Assistance

Subsidized Child Care Cluster

Child Care and Development Fund,
Discretionary

Child Care and Development Fund,
Mandatory

Social Services Block Grant

Temporary Assistance for Needy Families
(TANF)

Medical Assistance – Title XIX

NC Health Choice (CHIPS)

DURHAM COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended JUNE 30, 2007

Dollar threshold used to distinguish between Type A
And Type B Programs

\$ 3,000,000

Auditee qualified as low-risk auditee

X yes ___no

State Awards

Internal control over major state programs:

- Material weakness (es) identified? ___yes X no
- Significant deficiency (ies) identified that
are not considered to be material weakness(es)? X yes ___no

Noncompliance material to state awards?

___yes X no

Type of auditor's report issued on compliance for major state programs: Unqualified

Any audit findings disclosed that are required to
be reported in accordance with the State Single
Audit Implementation Act?

___yes X no

Identification of major state programs:

Program Name

None except those noted below as a State match to a federal program.

The major State programs for Durham County are the Title IV-E Foster Care Cluster, the Subsidized Child Care Cluster, Medical Assistance – Title XIX and NC Health Choice (CHIPS), each of which is a State match on a federal program. Therefore, these programs have been included in the list of major federal programs above.

DURHAM COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended JUNE 30, 2007

SECTION II – FINDINGS AND QUESTIONED COSTS RELATED TO THE
AUDIT OF FEDERAL AND STATE AWARDS

II – Financial Statement Findings

Finding 07-03

SIGNIFICANT DEFICIENCY

Criteria: Internal controls are enhanced when the responsibility for executing a transaction, recording the transaction and maintaining custody of the assets resulting from the transaction are assigned to different individuals.

Condition: Our review of application controls for the financial reporting system indicated that the system administrators also review and approve the authorization of assigned users.

Effect: Some users may have access to all financial transactions.

Cause: There appears to be a lack of segregation of duties.

Recommendation: The County should implement proper segregation of duties for the assignment of financial systems applications.

Management Response: Durham County will continue to work within the new operating system to ensure proper access rights are available to necessary users.

III – Federal Award Findings and Questioned Costs

Federal Agency: Medical Assistance – Title XIX

CFDA# 93.778

Finding 07-01

SIGNIFICANT DEFICIENCY

Eligibility

Criteria: Experienced caseworkers in Adult Medicaid should have three cases per month reviewed for quality.

Condition: Quality reviews of cases were not being completed on sampled files.

Context: The Adult Medicaid department lead position is vacant. One of this individual's responsibilities is the quality control of the caseworkers.

Questioned Costs: None.

Effect: Since there has not been a lead caseworker for several months, regular review of caseworkers are not being completed. It could lead to consistent and repetitive mistakes, which are not uncovered.

DURHAM COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended JUNE 30, 2007

Cause: There is a vacancy in the lead worker position in Adult Medicaid. The lead worker is responsible for reviewing three cases per month per caseworker to ensure that they are following established controls and the cases are being completed correctly.

Recommendation: The vacant position should be filled. Until such time, the program supervisors should be performing the quality control reviews.

Management Response: The County considers this situation to be an isolated occurrence. In the absence of any worker who has the responsibility to monitor quality controls, the responsibility will be designated to the Supervisor or other Supervisors in the Medicaid Division until the position is filled.

Agency: North Carolina Health Choice

CFDA#: 93.767

Finding 07-02

SIGNIFICANT DEFICIENCY

Eligibility

Criteria: At the completion of determining eligibility, the caseworker must print out an approval or denial form and send it to the applicant.

Condition: In the testing, several clients did not have an approval or denial form in the file to show the results of their request for assistance.

Context: This appears to be human error, occurring on a consistent basis.

Questioned Costs: None.

Effect: The client would be unaware of the statue of coverage or their lack of such coverage.

Cause: Family and Children's Medicaid caseworkers and NC Health Choice (NCHC) caseworkers work on both programs due to their similarities. In Family Medicaid, the approval or denial form must be sent out manually. In NC Health Choice, caseworkers have the ability to send the approval or denial form automatically using the computer system. The caseworkers thought they entered "send automatically" because it was a NC Health Choice case, when in many cases they entered "send manually".

Recommendation: The caseworker should always send out the approval or denial form manually when dealing with NCHC cases. This will allow the caseworkers to be consistent with their process for both programs.

Management Response: The NC Health Choice staff will reread the procedure for sending notices to applicants/clients and the Supervisor and/or the Lead worker will monitor the cases monthly to ensure the procedure is consistently applied.

DURHAM COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended JUNE 30, 2007

IV – State Award Findings and Questioned Costs

Medical Assistance – Title XIX

Finding 07-01

SIGNIFICANT DEFICIENCY

Eligibility

See section III – Federal Award Findings and Questioned Costs

North Carolina Health Choice

Finding 07-02

SIGNIFICANT DEFICIENCY

Eligibility

See section III - Federal Award Findings and Questioned Costs

DURHAM COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended JUNE 30, 2007

SECTION III – SCHEDULE OF CORRECTIVE ACTION PLANS

II – Financial Statement Findings

Finding: 07-03

Name of contact person: George Quick, Finance Director

Corrective Action: Durham County will continue to work within the new operating system to ensure proper access rights are available to necessary users.

Proposed Completion Date: Fiscal 2007-2008.

III – Federal Award Findings and Questioned Costs

Finding: 07-01

Name of contact person: Cynthia Cason, Medicaid Program Manager

Corrective Action: The County is hiring a Lead worker in the Adult Medicaid department. Also, the current supervisor will be responsible for completing the quality control reviews until a Lead worker is hired.

Proposed Completion Date: Fiscal 2007-2008.

Finding: 07-02

Name of contact person: Cynthia Cason, Medicaid Program Manager

Corrective Action: The County will have staff review the procedure for sending notices to applicants/clients and the Supervisor and/or the Lead worker will monitor the cases monthly to ensure procedure is consistent.

Proposed Completion Date: Fiscal 2007-2008.

DURHAM COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended JUNE 30, 2007

IV – State Award Findings and Questioned Costs

Medical Assistance – Title XIX

Finding 07-01

SIGNIFICANT DEFICIENCY

Eligibility

See section III – Federal Award Findings and Questioned Costs

North Carolina Health Choice

Finding 07-02

SIGNIFICANT DEFICIENCY

Eligibility

See section III – Federal Award Findings and Questioned Costs

DURHAM COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended JUNE 30, 2007

SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

II – Financial Statement Findings

No findings noted in prior year.

III – Federal Award Findings and Questioned Costs

No findings noted in prior year.

IV – State Award Findings and Questioned Costs

Public School Building Capital Fund

Finding 06-01

NONMATERIAL NONCOMPLIANCE
Activities Allowed or Unallowed

Status: Corrected.

DURHAM COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended JUNE 30, 2007

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	EXPENDITURES			
		FEDERAL	STATE		
FEDERAL AWARDS					
U.S. Dept. of Agriculture					
Food and Nutrition Service					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Social Services:					
Administration:					
Food Stamp Cluster					
Food Stamp Administration	10.561	\$ 1,406,671	\$		
Food Stamp-Noncash	10.551	26,499,819			
Total Food Stamp Cluster		27,906,490			
Division of Public Health:					
Food Stamp Administration	10.561	319,228			
Division of Aging:					
Elderly Feeding Program	10.570	521,542			
Total U.S. Dept. of Agriculture				28,747,260	
U.S. Dept. of Justice					
Bureau of Justice Assistance					
Passed-through the N.C. Dept. of Crime Control & Public Safety:					
Direct Programs:					
Juvenile Accountability Incentive Block Grant	16.523	22,106			
Bulletproof Vest Partnership Program	16.607	16,812			
Gang Resistance Education and Training	16.737	9,588			
Edward Byrne Memorial Justice Assistance Grant	16.738	573,684			
Total U.S. Dept. of Justice				622,190	-
U.S. Dept. of Homeland Security					
Passed-through the N.C. Dept. of Homeland Security:					
State Domestic Preparedness Equipment Support Program	97.004	218,407			
Emergency Management Performance Grant	97.042	131,001			
Homeland Security Grant Program	97.078	48,732			
Total U.S. Dept. of Homeland Security				398,140	-
U.S. Dept. of Health & Human Services					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Public Health:					
CDC Tuberculosis Project	93.116	42,290	81,965		
Family Planning Services	93.217	107,513			
CDC Immunization	93.268	57,158	532		
Bioterrorism Grant	93.283	201,396			
Temporary Assistance for Needy Families	93.558	33,328			
CDC Aids Prevention	93.940	167,571	24,108		
DHR Injection Drug User	93.959	78,880			
Preventive Health Block Grant	93.991	19,392	11,760		
Maternal Health	93.994	79,131	105,496		
MCH Block Grant					
-Women's Prevention	93.994	43,725	67,189		
-Child Care Coordinator	93.994	41,432	55,237		
-Child Health	93.994	8,417	11,221		
Total Public Health				880,233	357,508
Division of Facility Services					
EMS Homeland Security Grant	93.003	28,982			

DURHAM COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended JUNE 30, 2007

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	EXPENDITURES	
		FEDERAL	STATE
<u>Administration for Children and Families</u>			
Passed-through N.C. Dept. of Health and Human Services:			
Division of Social Services:			
<u>Foster Care and Adoption Cluster:</u>			
CWS Adopt Subsidy	93.645	267,190	706,302
Title IV E Adopt Assistance	93.658	652,294	
IV E Waiver	93.658	11,357	96
IV E CPS/Optional	93.658	792,262	243,930
IV E Foster Care	93.658	459,625	285,257
Adoption/Guardianship	93.659	936,356	205,586
Total Foster Care and Adoption Cluster		3,119,084	1,441,171
TANF - Direct Benefit Payments	93.558	2,084,249	
Work First Administration	93.558	535,090	
Work First Service	93.558	2,341,355	
Domestic Violence	93.558	20,640	
Title IV D - Child Support Enforcement	93.563	2,735,120	
LIEAP Administration	93.568	52,526	
Crisis Intervention	93.568	779,889	
Energy Assistance Payments	93.568	524,370	
Refugee Assistance Payments	93.566	9,593	
Day Care Coordinator	93.596	623,338	
Adolescent Parenting	93.645	56,257	18,990
Permanency Planning - Child Welfare Services	93.645	70,546	18,133
SSBG - Other Service and Training	93.667	884,062	142,847
Independent Living - (LINK)	93.674	68,663	18,739
Division of Aging:			
SSBG - In Home Service Fund	93.667	553,505	
SSBG - Adult Day Care	93.667	80,238	122,196
Total Administration for Children and Families		14,538,525	1,762,076
Division of Child Development:			
<u>Subsidized Child Care Cluster</u>			
Child Care and Development Fund - Discretionary	93.575	5,441,583	
Child Care and Development Fund - Mandatory	93.596	4,297,987	1,092,935
Social Services Block Grant	93.667	144,594	
TANF	93.558	2,162,188	
Smart Start			6,247,017
Total Subsidized Child Care Cluster		12,046,352	7,339,952
<u>Substance Abuse and Mental Health Service Administration</u>			
Passed-through the N.C. Dept. of Health and Human Services:			
Division of Mental Health, Developmental Disabilities and Substance Abuse Services:			
Path Homeless Block Grant	93.150	143,520	

DURHAM COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended JUNE 30, 2007

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	EXPENDITURES	
		FEDERAL	STATE
<u>Mental Health Cluster</u>			
Block Grant for Community Mental Health Services	93.958	31,484	
Social Services Block Grant	93.667	136,160	
State Appropriations			707,866
-Child			2,132,186
-Adult			4,154
-Other			
Total Mental Health Cluster		167,644	2,844,206
<u>Developmental Disability Cluster</u>			
SSBG-Developmental Disabilities	93.667	423,725	
State Appropriations			414,518
-Child			1,598,638
-Adult			51,053
-Other			
Total Developmental Disability Cluster		423,725	2,064,209
<u>Substance Abuse Services Cluster</u>			
Block Grant for Prevention and Treatment of Substance Abuse	93.959	1,435,637	
State Appropriations			52,576
-Child			1,081,964
-Adult			
-Other			
Total Substance Abuse Services Cluster		1,435,637	1,134,540
<u>Health Care Financing Administration</u>			
Passed-through the N.C. Dept. of Health and Human Services:			
Division of Medical Assistance:			
Direct Benefit Payments:			
Medical Assistance Program	93.778	152,639,819	77,716,038
Division of Social Services:			
Administration:			
Health Choice	93.767	72,873	8,844
Adult Care Home Case Management	93.778	211,579	115,070
Medical Assistance Administration	93.778	2,100,586	
Medical Assistance Transportation	93.778	1,155,467	64,454
Total Division of Medical Assistance		156,180,324	77,904,406
Total U.S. Dept. of Health and Human Services		185,844,942	93,406,897
Total Federal Awards		215,612,532	93,406,897
STATE AWARDS			
<u>N.C. Dept. of Health and Human Services</u>			
Division of Social Services:			
Domiciliary Care			2,223,185
State Aid to Counties			166,945
DCD Smart Start Administration			583,881
Program Integrity			9,721
Special Assistance for Blind			89,266
Total Division of Social Services			3,072,998

DURHAM COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended JUNE 30, 2007

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	EXPENDITURES	
		FEDERAL	STATE
Division of Public Health:			
State Aid to Counties			105,220
Communicable Disease			21,517
Targeted infant Mortality Reduction			49,827
Minority Infant Reduction			19,975
Tobacco Grant			69,727
Lincoln Aids Grant			28,000
Environmental Health			23,900
Children's Special Health Services			17,004
Child Health Training			75,834
Lead Prevention			57,343
Total Division of Public Health			468,347
Division of Mental Health, Developmental Disabilities and Substance Abuse Services:			
MR/MI Program			1,167,322
CTSP Program			760,191
MH Deaf Interpreting Program			292,279
Crisis Services -MH			38,320
Crisis Services -SA			84,000
General Services			4,761,114
Emergency Services			264,946
Multidisciplinary Evaluation			11,700
Total N.C. Department of Health and Human Services and Substance Abuse Services			7,379,872
Total N.C. Dept. of Health and Human Services			10,921,217
<u>N.C. Dept. of Cultural Resources</u>			
State Aid To Libraries			264,542
Total N.C. Dept. of Cultural Resources			264,542
<u>N.C. Dept. of Transportation</u>			
Elderly and Disabled Transportation Assistance (E&DTAP)			118,893
Community Transportation			122,468
			241,361
<u>N.C. Dept. of Environment, Health and Natural Resources</u>			
Storm Water Education Program			18,917
Soil and Water Conservation			24,209
			43,126
<u>N.C. Division of Veterans Affairs</u>			
Veterans Service Program			2,000
<u>N.C. Department of Insurance</u>			
Coordinator Sites			3,100
<u>N.C. Cooperative Extension Services</u>			
Welcome Baby			297,797
Total N.C. Cooperative Extension Services			297,797
<u>N.C. Dept of Crime Control and Public Safety</u>			
State Partnership Program			174,537
Juvenile Crime Prevention (OJJ Program)			658,052
Bioterrorism Grant			29,818
Total N.C. Dept. of Crime Control and Public Safety			862,407
<u>N.C. Dept. of Public Instruction</u>			
Public School Building Bonds			7,549
<u>Office of State Budget and Management</u>			
Public School Building Capital Fund			442,670

DURHAM COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended JUNE 30, 2007

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	EXPENDITURES	
		FEDERAL	STATE
Total Other State Awards			2,164,552
TOTAL FEDERAL AND STATE AWARDS		\$ 215,612,532	\$ 106,492,666

DURHAM COUNTY, NORTH CAROLINA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2007

1. GENERAL

The Schedule of Expenditures and Federal and State Awards (the "Schedule") presents the activities of all Federal and State financial award programs of Durham County, North Carolina (i.e. primary government only). The Durham County, North Carolina (the "County") reporting entity is defined in Note 1 to the County's basic financial statements. All Federal and State awards received directly from Federal and State agencies as well as Federal financial awards passed through other government agencies are included in the Schedule.

2. BASIS OF ACCOUNTING

The accompanying Schedule is presented using the modified accrual basis of accounting, which is described in Note 1 to the County's basic financial statements.

3. BENEFIT PAYMENTS ISSUED BY THE STATE

Benefit payment amounts, which were paid directly by the State from Federal and State monies on behalf of the County, have been separately identified and quantified on the Schedule. These direct payments do not appear within the financial statements of the County because these amounts are not revenues and expenditures of the County. County personnel are involved in certain functions, primarily with eligibility determinations that cause benefit payments to be issued by the State.

DURHAM COUNTY, NORTH CAROLINA

Schedule of Expenditures of Federal and
State Awards for the Year Ended June 30, 2008
Report on Compliance and on Internal Control

DURHAM COUNTY, NORTH CAROLINA
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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of County Commissioners
Durham County, North Carolina

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Durham County, North Carolina (the "County") as of and for the year ended June 30, 2008, and have issued our report thereon dated October 27, 2008. We did not audit the financial statements of the Durham County ABC Board. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Durham County ABC Board is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Durham County ABC Board were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 08-01 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we do not believe that the significant deficiency described above is a material weakness.

Compliance and Other Matters

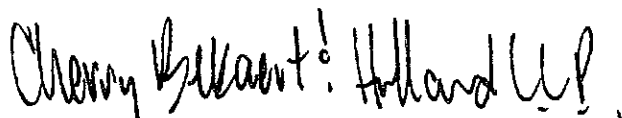
As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and accordingly, we express no opinion on it.

We also noted certain matters that we reported to management of the County in a separate letter dated October 27, 2008.

This report is intended solely for the information and use of the governing Board, management, others within the organization, federal and State awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specific parties.

CHERRY, BEKAERT & HOLLAND, L.L.P.

A handwritten signature in black ink that reads "Cherry Bekaert & Holland LLP". The signature is written in a cursive, flowing style.

Raleigh, North Carolina
October 27, 2008



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133 AND THE
STATE SINGLE AUDIT IMPLEMENTATION ACT**

Board of County Commissioners
Durham, North Carolina

Compliance

We have audited the compliance of Durham County, North Carolina (the "County"), with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major federal programs for the year ended June 30, 2008. The County's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of a compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control.

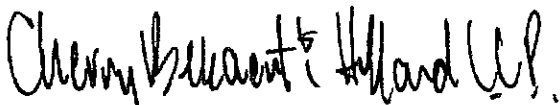
Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal and State Awards

We have audited the basic financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the County as of and for the year ended June 30, 2008, and have issued our report thereon dated October 27, 2008. We did not audit the financial statements of the Durham County ABC Board. Those financial statements were audited by other auditors whose reports thereon have been furnished to us and our opinion, insofar as it relates to the amounts for the Durham County ABC Board, is based solely on the reports of the other auditors. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements taken as a whole. The accompanying schedule of expenditures of federal and State awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, audits of States, Local Governments, and non-profit organizations and the State Single Audit Implementation Act and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the governing Board, management, others within the organization, federal and State awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specific parties.

CHERRY, BEKAERT & HOLLAND, L.L.P.



Raleigh, North Carolina
October 27, 2008



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR STATE PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH APPLICABLE SECTIONS OF OMB
CIRCULAR A-133 AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT

Board of County Commissioners
Durham County, North Carolina

Compliance

We have audited the compliance of Durham County, North Carolina (the "County"), with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major State programs for the year ended June 30, 2008. The County's major State programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major State programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; applicable sections of OMB Circular A-133, as described in the *Audit Manual for Governmental Auditors in North Carolina*; and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major State programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major State program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined below. However, as we discussed below, we identified a certain deficiency in internal control over compliance that we consider to be significant deficiency.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a State program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to administer a State program such that there is more than a remote likelihood that noncompliance with a type of a compliance requirement of a State program that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 08-02 to be significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a State program will not be prevented or detected by the County's internal control. We did not consider the above deficiency described in the accompanying schedule of findings and questioned costs to be material weakness.

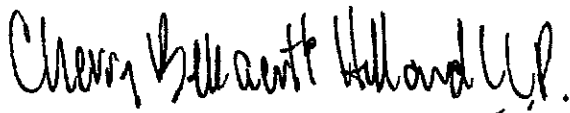
The County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the County's response, accordingly, we express no opinion on it.

Schedule of Expenditures of Federal and State Awards

We have audited the basic financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the County as of and for the year ended June 30, 2008, and have issued our report thereon dated October 27, 2008. We did not audit the financial statements of the Durham County ABC Board. Those financial statements were audited by other auditors whose reports thereon have been furnished to us and our opinion, insofar as it relates to the amounts for the Durham County ABC Board, is based solely on the reports of the other auditors. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal and State awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, audits of States, Local Governments and non-profit organizations and the State Single Audit Implementation Act and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the governing Board, management, others within the organization, federal and State awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than specific parties.

CHERRY, BEKAERT & HOLLAND, L.L.P.



Raleigh, North Carolina
October 27, 2008

DURHAM COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2008

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness (es) identified? yes X no
- Significant deficiency (ies) identified that are not considered to be material weakness(es)? X yes none reported

Noncompliance material to Financial Statements noted? yes X no

Federal Awards

Internal control over major federal programs:

- Material weakness (es) identified? yes X no
- Significant deficiency (ies) identified that are not considered to be material weakness(es)? yes X no

Noncompliance material to federal awards? yes X no

Type of auditor's report issued on compliance for major federal programs: *Unqualified*

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? yes X no

Identification of major federal programs:

CFDA#
10.551 & 10.561
93.778
93.563

Program/Cluster Name
Food Stamp Cluster
Medical Assistance
IV-D Child Support Enforcement

Dollar threshold used to distinguish between Type A
And Type B Programs

\$ 3,000,000

Auditee qualified as low-risk auditee X yes no

DURHAM COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2008

SECTION II – FINDINGS AND QUESTIONED COSTS RELATED TO THE
AUDIT OF FEDERAL AND STATE AWARDS

II – Financial Statement Findings

Finding 08-01

SIGNIFICANT DEFICIENCY

Criteria: Accounts payable is made up of invoices for goods that were received prior to year end or services that were performed prior to year end which have not yet been paid at year end.

Condition: Our review of disbursements after fiscal year end revealed that an item was incorrectly recorded in accounts payable at year end.

Effect: Accounts payable was overstated.

Cause: This appears to be an isolated incident.

Recommendation: The County should be more thorough in their review of invoices when determining what should be recorded in accounts payable at year end.

Management Response: Durham County will continue to work at reviewing accounts payable items in more detail to ensure that items are properly included or properly excluded in accounts payable at year end.

III – Federal Award Findings and Questioned Costs

None

DURHAM COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2008

IV – State Award Findings and Questioned Costs

Program Title: Juvenile Crime Prevention Programs

Finding 08-02

SIGNIFICANT DEFICIENCY
Reporting

Criteria: A final accounting form is to be submitted by the requested Department of Juvenile Justice and Delinquency Prevention (DJJDP) deadline (August 15th) at the end of the Fiscal year by the program to report total revenues and expenditures for the program operation (NCAC, Title 28, Subchapter 2). This accounting form is then to be sent to the DJJDP Area Office for review.

Condition: Final Accounting forms were not submitted by the August 15, 2008 deadline.

Context: This appears to be human error, occurring on a consistent basis.

Questioned Costs: None.

Effect: DJJDP funding for the next fiscal year is dependent on whether or not the final accounting form is submitted. If forms are late, programs will not get additional funding until the forms are submitted.

Cause: There does not seem to be an effective monitoring system in place over the program to ensure that the forms are being submitted timely.

Recommendation: CBH recommends that the County take steps to better manage the reporting process over the JCPC program to ensure that the forms are submitted timely.

Management Response: The County will work at submitted the forms timely in the future.

DURHAM COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2008

SECTION III – SCHEDULE OF CORRECTIVE ACTION PLANS

II – Financial Statement Findings

Finding: 08-01

Name of contact person: George Quick, Finance Director

Corrective Action: Durham County will continue to work at reviewing accounts payable items in more detail to ensure that items are properly included or properly excluded.

Proposed Completion Date: Fiscal 2008-2009.

III – Federal Award Findings and Questioned Costs

None

IV – State Award Findings and Questioned Costs

Finding: 08-02

Name of contact person: Catherine Davis, Grants Manager

Corrective Action: Durham County will continue to work at ensuring that all Final Accounting Forms are submitted on time by every program.

Proposed Completion Date: Fiscal 2008-2009.

DURHAM COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2008

SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

II – Financial Statement Findings

Finding 07-03

Status: Corrected

III – Federal Award Findings and Questioned Costs

Medical Assistance – Title XIX

Finding 07-01

SIGNIFICANT DEFICIENCY
Eligibility

Status: Corrected

North Carolina Health Choice

Finding 07-02

SIGNIFICANT DEFICIENCY
Eligibility

Status: Corrected

IV – State Award Findings and Questioned Costs

No findings noted in prior year.

DURHAM COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2008

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	EXPENDITURES	
		FEDERAL	STATE
FEDERAL AWARDS			
<u>U.S. Dept. of Agriculture</u>			
<u>Food and Nutrition Service</u>			
Passed-through the N.C. Dept. of Health and Human Services:			
Division of Social Services:			
Administration:			
<u>Food Stamp Cluster</u>			
Food Stamp Administration	10.561	\$ 1,476,939	\$
Food Stamp-Noncash	10.551	28,892,575	
Total Food Stamp Cluster		30,369,514	
Division of Public Health:			
Food Stamp Administration	10.561	336,457	
Division of Aging:			
Elderly Feeding Program	10.570	465,603	
Total U.S. Dept. of Agriculture		31,171,574	
<u>U.S. Dept. of Justice</u>			
<u>Bureau of Justice Assistance</u>			
Passed-through the N.C. Dept. of Crime Control & Public Safety:			
Direct Programs:			
Edward Byrne Memorial Justice Assistance Grant	16.738	393,195	
Total U.S. Dept. of Justice		393,195	
<u>U.S. Dept. of Homeland Security</u>			
Passed-through the N.C. Dept. of Homeland Security:			
Emergency Management Performance Grant	97.042	84,271	
Assistance to Firefighters Grant	97.044	69,196	
Total U.S. Dept. of Homeland Security		153,467	
<u>U.S. Dept. of Health & Human Services</u>			
Passed-through the N.C. Dept. of Health and Human Services:			
Division of Public Health:			
CDC Tuberculosis Project	93.116	42,216	81,965
Family Planning Services	93.217	107,759	
CDC Immunization	93.268	57,158	
Bioterrorism Grant	93.283	187,874	4,849
Temporary Assistance for Needy Families	93.558	82,658	
Ryan White Program	93.917	112,647	
CDC Aids Prevention	93.940	43,218	
Syphilis Elimination Funds	93.977	95,842	137,496
Diabetes Prevention and Control	93.988	874	
Preventive Health Block Grant	93.991	17,581	16,561
Maternal Health	93.994	105,496	79,131
MCH Block Grant -Women's Prevention	93.994	58,294	52,620
-Child Care Coordination	93.994	55,237	41,432
-Child Health	93.994	11,158	127,053
Total Public Health		978,012	541,107
<u>Administration for Children and Families</u>			
Passed-through N.C. Dept. of Health and Human Services:			
Division of Social Services:			
<u>Foster Care and Adoption Cluster:</u>			
CWS Adopt Subsidy	93.645	236,036	793,717
Title IV E Adopt Assistance	93.658	584,968	
IV E CPS/Optional	93.658	838,363	243,930
IV E Foster Care	93.658	344,142	350,339
Adoption/Guardianship	93.659	821,505	190,871
Total Foster Care and Adoption Cluster		2,825,014	1,578,857
TANF - Direct Benefit Payments	93.558	1,951,354	
Work First Administration	93.558	559,480	
Work First Service	93.558	2,338,820	
Family Preservation	93.556	28,315	
Domestic Violence	93.558	16,608	
Title IV D - Child Support Enforcement	93.563	2,974,869	
LIEAP Administration	93.568	79,811	
Crisis Intervention	93.568	884,138	

DURHAM COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2008

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	EXPENDITURES	
		FEDERAL	STATE
Energy Assistance Payments	93.568	338,809	
Refugee Assistance Payments	93.566	3,975	
Day Care Coordinator	93.596	635,021	
Permanency Planning - Child Welfare Services	93.645	70,882	18,219
SSBG - Other Service and Training	93.667	785,318	142,847
Independent Living - (LINK)	93.674	65,022	11,050
 Division of Aging:			
SSBG - In Home Service Fund	93.667	651,329	
SSBG - Adult Day Care	93.667	90,980	118,614
Total Administration for Children and Families		11,474,731	290,730
 Division of Child Development:			
<u>Subsidized Child Care Cluster</u>			
Child Care and Development Fund - Discretionary	93.575	6,630,879	
Child Care and Development Fund - Mandatory	93.596	4,203,607	647,409
Social Services Block Grant	93.667	155,141	
TANF	93.558	1,334,283	4,779,083
Smart Start			1,827,811
Total Subsidized Child Care Cluster		12,323,890	7,254,303
 <u>Substance Abuse and Mental Health Service Administration</u>			
Passed-through the N.C. Dept. of Health and Human Services:			
Division of Mental Health, Developmental Disabilities and Substance Abuse Services:			
Path Homeless Block Grant	93.150	123,337	
 <u>Mental Health Cluster</u>			
Block Grant for Community Mental Health Services	93.958	148,866	
Social Services Block Grant	93.667	77,656	
State Appropriations -Child			114,728
-Adult			671,438
-Other			619,280
Total Mental Health Cluster		226,322	1,405,446
 <u>Developmental Disability Cluster</u>			
SSBG-Developmental Disabilities	93.667	914,201	
State Appropriations -Child			169,633
-Adult			384,925
-Other			119,815
Total Developmental Disability Cluster		914,201	674,373
 <u>Substance Abuse Services Cluster</u>			
Block Grant for Prevention and Treatment of Substance Abuse	93.959	1,406,962	
State Appropriations -Child			1,987
-Adult			783,491
-Other			6,017
Total Substance Abuse Services Cluster		1,406,962	791,495
 <u>Health Care Financing Administration</u>			
Passed-through the N.C. Dept. of Health and Human Services:			
Division of Medical Assistance:			
Direct Benefit Payments:			
Medical Assistance Program	93.778	167,111,932	84,952,397
 Division of Social Services:			
Administration:			
Health Choice	93.767	72,583	9,954
Adult Care Home Case Management	93.778	255,886	122,960
Medical Assistance Administration	93.778	1,977,772	
Medical Assistance Transportation	93.778	1,095,051	49,427
Total Division of Medical Assistance		170,513,224	85,134,738
 Total U.S. Dept. of Health and Human Services		200,785,693	97,671,049
 Total Federal Awards		232,503,929	97,671,049

DURHAM COUNTY, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2008

GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	EXPENDITURES	
		FEDERAL	STATE
STATE AWARDS			
<u>N.C. Dept. of Health and Human Services</u>			
Division of Social Services:			
Domiciliary Care			2,101,077
State Aid to Counties			166,945
DCD Smart Start Administration			552,321
Program Integrity			9,371
Special Assistance for Blind			114,889
Total Division of Social Services		-	2,944,603
Division of Public Health:			
State Aid to Counties			135,160
Communicable Disease			21,517
Healthy Carolinians			11,825
Tobacco Grant			120,714
Lincoln Aids Grant			28,000
Environmental Health			27,280
Children's Special Health Services			11,391
Child Health Grant			72,955
Lead Prevention			52,000
Total Division of Public Health			480,842
Division of Mental Health, Developmental Disabilities and Substance Abuse Services:			
MR/MI Program			375,845
CTSP Program			46,102
Crisis Services -MH			87,167
Multidisciplinary Evaluation			9,917
Emergency Services			158,969
General Services			4,783,871
State Appropriations			6,077,391
Total Division of Mental Health			11,539,262
Total N.C. Dept. of Health and Human Services		-	14,964,707
<u>N.C. Dept. of Cultural Resources</u>			
State Aid To Libraries			236,667
Total N.C. Dept. of Cultural Resources			236,667
<u>N.C. Dept. of Transportation</u>			
Elderly and Disabled Transportation Assistance (E&DTAP)			200,802
Community Transportation			19,524
			220,326
<u>N.C. Dept. of Environment, Health and Natural Resources</u>			
Storm Water Education Program			26,742
Soil and Water Conservation			25,913
Division of Air Quality			18,537
Pest Control			5,059
Total N.C. Dept of Environment, Health and Natural Resources			76,251
<u>N.C. Division of Veterans Affairs</u>			
Veterans Service Program			2,000
<u>State Board of Elections</u>			
HAVA One-Stop Site Grant			31,020
<u>N.C. Cooperative Extension Services</u>			
Welcome Baby			319,650
<u>N.C. Dept of Crime Control and Public Safety</u>			
State Partnership Program			176,806
Juvenile Crime Prevention (OJJ Program)			640,594
Total N.C. Dept. of Crime Control and Public Safety			817,400
<u>N.C. Dept of Insurance</u>			
Seniors' Health Insurance Information Program			5,000
<u>Office of State Budget and Management</u>			
Public School Building Capital Fund			2,466,675
Total Other State Awards			4,174,989
TOTAL FEDERAL AND STATE AWARDS		\$ 232,503,929	\$ 116,810,745

DURHAM COUNTY, NORTH CAROLINA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2008

1. GENERAL

The Schedule of Expenditures and Federal and State Awards (the "Schedule") presents the activities of all Federal and State financial award programs of Durham County, North Carolina (i.e. primary government only). The Durham County, North Carolina (the "County") reporting entity is defined in Note 1 to the County's basic financial statements. All Federal and State awards received directly from Federal and State agencies as well as Federal financial awards passed through other government agencies are included in the Schedule.

2. BASIS OF ACCOUNTING

The accompanying Schedule is presented using the modified accrual basis of accounting, which is described in Note 1 to the County's basic financial statements.

3. BENEFIT PAYMENTS ISSUED BY THE STATE

Benefit payment amounts, which were paid directly by the State from Federal and State monies on behalf of the County, have been separately identified and quantified on the Schedule. These direct payments do not appear within the financial statements of the County because these amounts are not revenues and expenditures of the County. County personnel are involved in certain functions, primarily with eligibility determinations that cause benefit payments to be issued by the State.